

PROVINCE OF SASKATCHEWAN



08-09

ANNUAL REPORT

**MINISTRY OF
GOVERNMENT SERVICES**

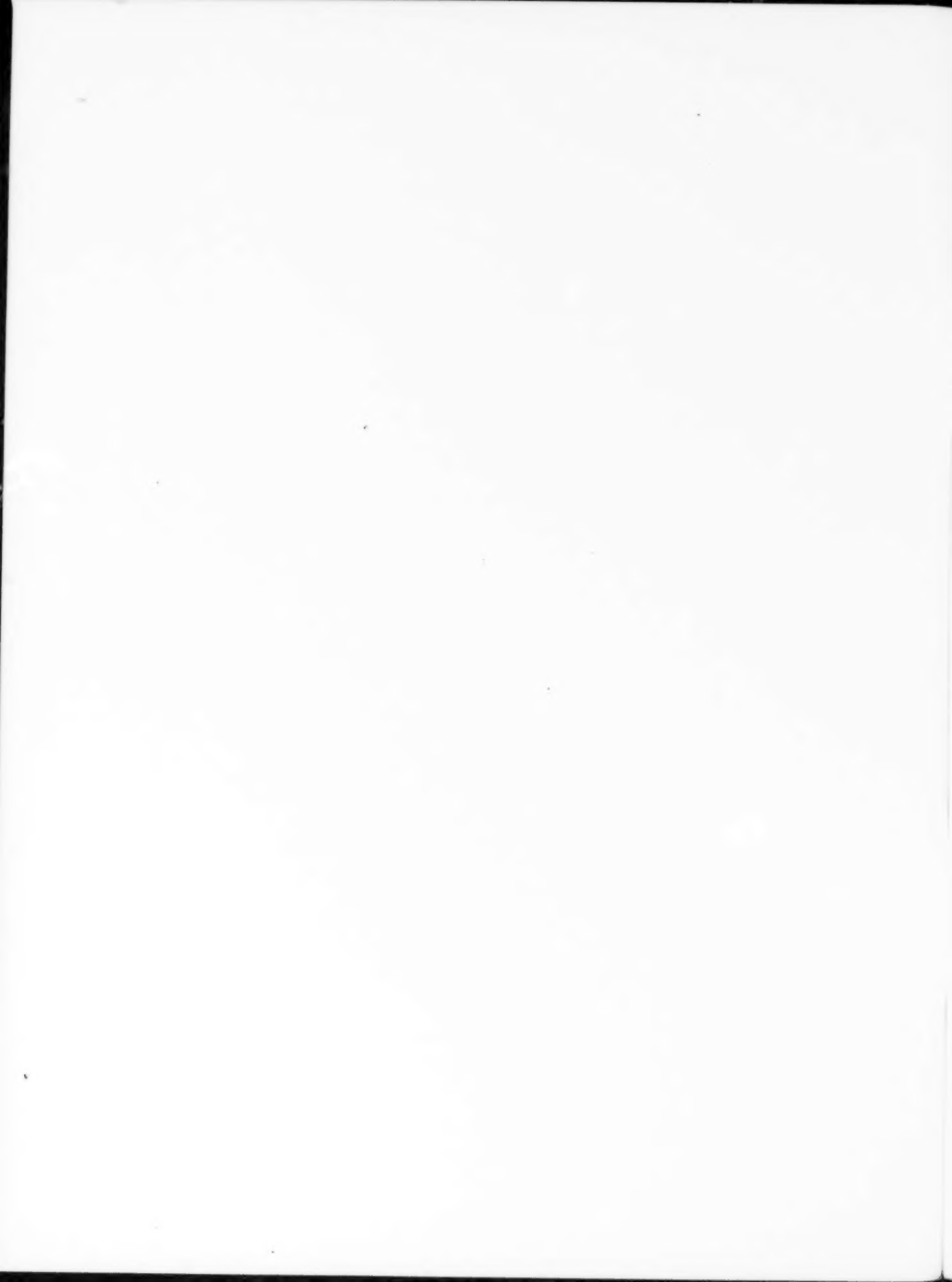


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This annual report is also available at www.gs.gov.sk.ca

Letters of Transmittal



The Honourable Dr. Gordon L. Barnhart
Lieutenant Governor of Saskatchewan

May it please Your Honour:

I respectfully submit the Annual Report for the Ministry of Government Services for the fiscal year ending March 31, 2009.

The Government of Saskatchewan is committed to delivering and building on its promises to Saskatchewan people. One of those promises is a commitment to increased transparency and accountability.

Government Services' 2008-09 Annual Report demonstrates the progress made towards achieving commitments the government has made. In many areas Government Services has played a strong supporting role, such as managing the Regina Provincial Correctional Centre project for Corrections, Public Safety and Policing; however, it has also been a leader when it comes to improving energy efficiency of government buildings and reducing the overall environmental footprint of government.

Government has refined its direction for ministries and has communicated this direction through a vision and goals released with the 2009-10 Budget. Ministries have aligned with this direction and have developed strategies and actions to help deliver on government's plan for Saskatchewan – to be strong and steady in the years to come.

The initiatives pursued in 2008-09, and the results achieved, are communicated to the legislature and to the Saskatchewan people through this report. The results achieved during this government's first year provide a foundation for establishing priorities and influencing future government activities. Therefore, the annual report is not only an important accountability document, but it can also inform future planning and resource allocation.

A handwritten signature in dark ink, appearing to read 'Tell'.

Christine Tell
Minister of Government Services



The Honourable Christine Tell
Minister of Government Services

I have the honour of submitting the Annual Report for the Ministry of Government Services for the fiscal year ending March 31, 2009.

I hereby take responsibility for the report, and assure you that the information contained within is accurate and reliable.

A handwritten signature in dark ink, appearing to read 'Ron Dedman'.

Ron Dedman
Deputy Minister

Introduction

This annual report presents the Ministry of Government Services' activities and results for the fiscal year ending March 31, 2009. It reports on public commitments made, and other key accomplishments of the ministry.

As a transition year, the 2008-09 Annual Report follows a similar format to the 2007-08 Annual Report, and also includes the government's vision and three goals. With the release of Ministry Plans for 2009-10, ministries will report on publicly committed strategies and actions identified in their plan within the 2009-10 Annual Report.

The 2008-09 Annual Report also sets the stage for the 2010-11 planning and budget process by providing an opportunity to assess the accomplishments, results, and lessons learned, and identifying how to build on past successes for the benefit of Saskatchewan people.

Alignment with Government's Direction

The Ministry of Government Services' 2008-09 Annual Report aligns with government's vision and goals.

Our Government's Vision

A secure and prosperous Saskatchewan, leading the country in economic and population growth, while providing a high quality of life for all.

Together, all ministries and agencies support the achievement of government's three goals, and work towards a secure and prosperous Saskatchewan. Shown below is how this ministry's goals align with the overall goals of government.

Government Goals

Ministry Goals

Sustain <i>Economic Growth</i> for the benefit of Saskatchewan people, ensuring the economy is ready for growth and positioning Saskatchewan to meet the challenges of economic and population growth and development.	Partner with industry to obtain best value for government and to facilitate economic development.
Secure Saskatchewan as a safe place to live and raise a family where people are confident in their future, ensuring the people of Saskatchewan benefit from the growing economy.	Maintain property infrastructure so it is sustainable, energy-efficient, and affordable, while effectively meeting the needs of clients.
Keep Government's <i>Promises</i> and fulfill the commitments of the election, operating with integrity and transparency, accountable to the people of Saskatchewan.	Provide cost-effective and value-added service to government clients, enabling them to operate efficiently while delivering government programming.

The Ministry of Government Services operates in an important yet behind-the-scenes role in providing central support services to the government. Significant commitments made by government in which the ministry plays a key role include:

- *Minister's Mandate*
 - o Ensure that all new vehicles purchased by the provincial government are hybrid or fuel efficient vehicles.
 - o Ensure that government ministries follow the lead of the Crowns in establishing measurable goals and targets to reduce their environmental footprint and report publicly on their initiatives.
- *\$1 Billion Infrastructure Initiative (2008-09 Budget Summary)*
 - o \$53 million for government facilities and equipment, including the Regina Provincial Correctional Centre, the Saskatchewan Disease Control Laboratory and courthouse security.

Ministry Overview

The Ministry of Government Services manages an extensive portfolio of property and provides centralized support services to government ministries and many public agencies. Whether that is providing reliable transportation, finding appropriate office space for public servants to work in, making sure mail reaches its destination, or implementing new telecommunications technology, the ministry serves the government, often behind the scenes. By providing efficient and effective services for day-to-day operations, Government Services supports other ministries by enabling them to focus on their specific mandates to serve the people of Saskatchewan.

Mandate

The Ministry of Government Services supports government program delivery by providing accommodation and property management, transportation services, purchasing, risk management, records management, telecommunications and mail distribution. Services are delivered by providing good value for money and by incorporating environmental initiatives through the purchase of fuel efficient vehicles and reduction of the government's own environmental footprint. The ministry also coordinates the government's approach to the use of public-private partnerships for public infrastructure.

By the numbers (as of March 31, 2009)

- 765 full-time equivalent employees
- Located in 170 communities
- Leases or owns 741 buildings
- Owns approximately 5,500 vehicles
- Operates 6 aircraft
- Processes 26 million pieces of mail per year
- Stores over 165,000 boxes of government records
- Tenders approximately \$133 million in goods per year
- Manages property with a replacement value of \$2.1 billion

Accommodation Services

Accommodation Services provides government ministries and agencies with office and program space, working with them to identify and meet their accommodation needs, including:

- **Provincial Planning** - Supports ministries in coordinating program needs with accommodation requirements.
- **Project Coordination** - Manages major building projects in the areas of pre-construction, construction project management, sustainability and energy management, and capital project planning.
- **Real Estate** - Manages expenditure leases, revenue leases, grants-in-lieu, escalations, property disposals, and reviews Treaty Land Entitlements (TLE) requests for government-owned land.
- **Infrastructure Support** - Manages preventative maintenance for owned buildings, minor renovations and repairs, the apprenticeship trades program, and water systems management.
- **Facility Operations** - Provides cleaning services, building maintenance and operations, and construction services.

Commercial Services

The following centralized services are offered to government ministries and agencies:

- **Transportation**
 - Central Vehicle Agency (CVA) provides vehicles and fleet management services.
 - Air Transportation Services provides Air Ambulance Service to the Ministry of Health and Executive Air Service for elected officials.
- **Records Management** – A central, secure storage facility warehouses and retrieves government documents and disposes of documents following Saskatchewan Archives Board approval.
- **Mail Services** – Handles inter-office mail, parcels, and Canada Post mail.
- **Distribution Centre** – Provides office and janitorial supplies.
- **Telecommunications** – Manages VoIP (Voice over Internet Protocol), CommunityNet, telephone directory, Blue Pages, and PAD (Priority Access Dialtone) services.
- **Relocation Services** – A full range of relocation services.

Corporate Support Services

Corporate Support primarily supports and serves the ministry and its employees in the areas of:

- **Financial Services** – Provides accounting and budgeting-related activities, as well as financial reporting and consulting and administrative services.
- **Internal Audit** – Reviews internal controls and processes and makes recommendations for improvement.
- **Purchasing** – Provides centralized procurement services for goods and services for public agencies.
- **Planning and Policy** – Provides strategic planning, policy and pricing analysis, and business improvement services.
- **Risk Management** – Provides investigative services, insurance services, physical security and photo identification, business continuity planning, environmental health and safety expertise, and employee occupational health and safety services.

P3 Secretariat

The secretariat explores the potential use of public-private partnerships (P3s) as a means of delivering public sector infrastructure.

Progress in 2008-09

Significant Achievements in 2008-09

The Ministry of Government Services celebrated some significant achievements in this fiscal year. Firstly, in August of 2008 the replacement for the 1913 portion of the Regina Provincial Correctional Centre was completed. This multi-year project saw the construction of a state-of-the-art correctional facility that addressed health and safety concerns associated with the older building while providing adequate space for effective programming. The project was completed for the Ministry of Corrections, Public Safety and Policing.

A ministry first was the successful certification of Century Plaza as a LEED® Silver building. Century Plaza, the ministry's head office, meets the internationally accepted benchmarks for the design, construction and operation of a high performance green building. The government has committed that all new buildings, when feasible, will meet these standards, including the newly constructed correctional centre.

The ministry is also committed to reducing energy use in all existing buildings. Now in its eighth year, the building energy retrofit program has significantly reduced greenhouse gas emissions and reduced operating costs for the building portfolio. The ministry also continued the process of obtaining BOMA BEST certification, the industry benchmark for environmental management, for all its core buildings.

Other environmental initiatives focused on "greening the fleet." An anti-idling campaign was launched to help drivers of government vehicles to be more aware of their fuel use, and a number of hybrids, sub-compact cars, and flex-fuel vehicles were added to the fleet as part of an ongoing evaluation of different approaches to reduce fuel consumption and lower emissions.

Another notable development was the creation of a trades apprenticeship program, beginning with eight positions in its first year. This program creates employment and career development opportunities while helping the ministry manage minor maintenance costs.

Progress by Key Area

Service Delivery

As a ministry that primarily provides centralized and support services, Government Services must be accountable to its clients, whether they are other ministries, public agencies or Crown corporations. The client survey is one benchmark the ministry uses to gauge the effectiveness and efficiency of its programs and services.

Results

Continue dialogue and consultation with key stakeholder groups to improve service delivery.

- Took over responsibility for maintenance at Regina Provincial Correctional Centre after consulting with Corrections, Public Safety and Policing.
- Began planning for the development of an online bidding system as a result of dialogue with Purchasing stakeholders.
- Sought input for the revision of standard construction contracts from the Saskatchewan Construction Association, Saskatchewan Association of Architects, and the Consulting Engineers of Saskatchewan.

Review current client survey practices to ensure relevant feedback is obtained.

- Client survey methodology is being reviewed to improve the next scheduled survey in 2010.

Continue to assess the effectiveness and efficiency of ministry's programs through program reviews.

- Program reviews conducted in 2008-09:

Area	Outcome
Mail Services	Continue with current service delivery model
Distribution Centre	Move to more efficient external service delivery
Disposal	Pilot alternate disposal methods
Furniture Services	Move to more efficient external service delivery

Implement Voice over Internet Protocol (VoIP) communications within government offices in Regina to achieve annual cost savings.

- Second year of a three-year project completed.
- 4,200 of approximately 10,000 handsets have been installed.

Measurement Results

Client satisfaction with service received for government support, accommodation, transportation, and purchasing services:

Category	March 2006 (%)	March 2008 (%)
Government support services	72.5	81.9
Accommodation services	75.2	76.0
Transportation services	84.3	89.2
Purchasing services	72.0	87.3
Overall rating	75.0	81.9

Source: Government Services, Planning and Policy Branch

The ministry surveys its clients every two years to determine satisfaction with its programs and services. Respondents are asked to rate service, value for money, and needs met using a five-point scale from "very satisfied" to "very dissatisfied."

A total of 66 clients were surveyed in March 2008 and 35 responses were received. The responses provide a level of accuracy of plus or minus 11.1 per cent, 95 times out of 100. The performance measure indicates the percentage of clients that are either satisfied or very satisfied with services, value for money and needs met.

Results before 2006 are not shown, since the survey format was changed and results are not directly comparable.

Accommodations

The government occupies numerous buildings across the province, most of which are owned, leased, and/or managed by Government Services. These buildings include not only office buildings, but also everything from equipment storage buildings and healthcare facilities to correctional centers, courthouses, and museums. The ministry undertakes the challenging task of meeting government and agency accommodation needs and maintaining appropriate and adequate space for programs. In addition, new construction and upgrades to existing buildings give the ministry opportunities to use energy-efficient technology and materials to reduce the government's carbon footprint.

Over the past few years, capital and infrastructure investments have increased as additional resources became available. Government Services has worked with clients to build the infrastructure necessary for delivering key services, such as the Regina Provincial Correctional Centre and the Saskatchewan Disease Control Lab. Establishing a solid infrastructure framework will ensure that Saskatchewan is well-positioned to support its future economic and social needs.

In 2007, the Minister of Government Services was charged with ensuring that "government ministries follow the lead of the Crowns in establishing measurable goals and targets to reduce their environmental footprint and report publicly on their initiatives" (Minister's Mandate Letter).

Results

Work with client ministries to construct and upgrade major facilities needed to deliver programming, including:

\$22.2 million to repair and construct government buildings, including the Regina and Saskatoon Provincial Correctional Centers, and improve courthouse security [2008-09 Budget Summary]

- Courthouse security was upgraded in Regina, Saskatoon, and Prince Albert at a cost of \$1.24 million.
- Construction was completed at the Regina Provincial Correctional Centre, finishing a \$51.5 million multi-year project for Corrections, Public Safety and Policing.

\$29.3 million to continue work on the new Saskatchewan Disease Control Laboratory, and purchase information technology and laboratory equipment [2008-09 Budget Summary]

- Construction continued at the Saskatchewan Disease Control Laboratory at a cost of \$26.4 million.

Identify long-term program and space requirements in consultation with clients.

Justice and Attorney General

- Planning for new courthouses
 - Saskatoon—design work underway for an addition to the Saskatoon Court of Queen's Bench courthouse to provide enhanced family law services in a safe, secure environment
 - La Ronge—design work underway for a new facility
- Planning for security enhancements and associated renovations to court facilities in Swift Current, Regina and other various locations
- Review of facility condition and program needs for core court facilities and the plan to address priority needs
- Review of seven Provincial Court circuit points to further assess and plan for future capital projects

Corrections, Public Safety and Policing

- Planning underway for new adult correctional facilities in Saskatoon
- Review of the portfolio facility condition and program needs for core facilities and the plan to address priority needs

SIAST

- Planning for new space accommodations for the nursing program expansion at Wascana Parkway (Regina) and Kelsey (Saskatoon)
- Review of the portfolio facility condition and program needs for core SIAST facilities and the plan to address priority needs
- Participation in master planning work for the Kelsey Campus and associated strategic planning work to accommodate anticipated program needs

Update the capital plan for core facilities based on a priority rating system.

La Ronge

- | | | |
|--------------------|-------------------------------|--------------|
| • Mistasniuk Place | update architectural elements | 85% complete |
|--------------------|-------------------------------|--------------|

Moose Jaw

- | | | |
|------------------|---------------------|------------------------|
| • SIAST Palliser | emergency generator | substantially complete |
|------------------|---------------------|------------------------|

North Battleford

- | | | |
|----------------|-----------------------|----------|
| • Kramer Place | renovate second floor | complete |
|----------------|-----------------------|----------|

Prince Albert

- | | | |
|--------------------------|--------------------|----------|
| • L.F. McIntosh Building | upgrade 11th floor | complete |
|--------------------------|--------------------|----------|

Regina

- | | | |
|-------------------------|------------------------------------|--|
| • Cooper Place | mechanical and electrical upgrades | substantially complete |
| • Walter Scott Building | mechanical and electrical upgrades | phase 1 and 2 (of 6) completed; phase 3-5 60% complete |
| • T.C. Douglas Building | mechanical upgrades | 65% complete |
| • RPCC | demolition of 1913 portion | 30% complete |

Saskatoon

- | | | |
|-----------------|------------------------------------|------------------------|
| • Calder Centre | address environmental deficiencies | substantially complete |
|-----------------|------------------------------------|------------------------|

Swift Current

- | | | |
|----------------------|--------------------|---|
| • E.I. Wood Building | fire code upgrades | design in progress; to be tendered in 09-10 |
|----------------------|--------------------|---|

Upgrade accessibility in government buildings.

Prince Albert

- | | | |
|--------------------------|----------------------------|---------------------|
| • L.F. McIntosh Building | combined with capital work | 11th floor complete |
|--------------------------|----------------------------|---------------------|

North Battleford

- | | | |
|----------------|----------------------|----------|
| • Kramer Place | 2nd floor renovation | complete |
|----------------|----------------------|----------|

Buffalo Narrows

- | | | |
|----------------------|---------------|--------------|
| • Northlands College | code upgrades | 65% complete |
|----------------------|---------------|--------------|

Wynyard

- | | | |
|--------------|-----------------------|----------|
| • Courthouse | elevator installation | complete |
|--------------|-----------------------|----------|

Weyburn

- | | | |
|--------------|-----------------------|--------------------|
| • Courthouse | elevator installation | design in progress |
|--------------|-----------------------|--------------------|

Regina

- | | | |
|----------------|---------------------------------|------------------------|
| • Cooper Place | combined with capital plan work | substantially complete |
|----------------|---------------------------------|------------------------|

Saskatoon

- | | | |
|----------------------------------|-------------------------|------------------------|
| • Provincial Correctional Centre | pre-engineered building | complete |
| • Sturdy Stone Centre | washroom upgrade | substantially complete |

Continue the existing building energy retrofit program to achieve a decrease in energy use of 20 per cent.

- High efficiency natural gas heating appliances were installed at provincial office buildings and other buildings used by various ministries in Weyakwin and Air Ronge, at a cost of \$815,000.
- Buildings in LaRonge could not be converted to natural gas as planned because the gas line was not finished prior to the 2008-09 heating season.

Construct new buildings to LEED® certification standards when practical.

- Century Plaza has attained LEED® Silver certification.
- Regina Provincial Correctional Centre is in the process of completing the LEED® application.
- LEED® certification will be pursued for the Saskatchewan Disease Control Lab, the courthouse in Meadow Lake, and Cooper Place.

Obtain BOMA BEST certification for all core buildings.

- Certified buildings:
 - Regina Victoria Avenue Courthouse
 - SIAST Palliser (Moose Jaw)
 - SIAST Wascana (Regina)
 - SIAST Woodlands (Prince Albert)
 - SIAST Kelsey (Saskatoon)
- Applications under review:
 - Legislative Building
 - T.C. Douglas Building
 - Walter Scott Building
 - Century Plaza
 - Lloyd Place

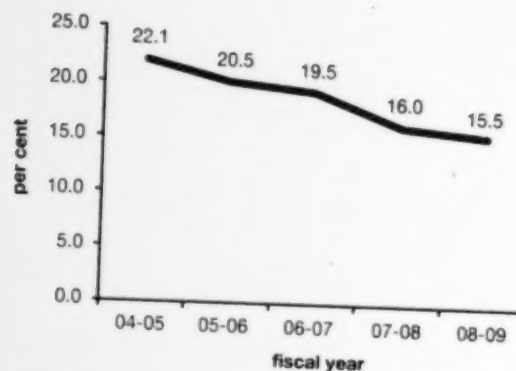
Meet approximately 25 per cent of executive government energy needs by purchasing renewable wind-generated electricity.

- Approximately 30.5 million kWh of green energy was purchased, which represents about 36 per cent of executive government's total electrical consumption.

Measurement Results

Average condition of government buildings (Facility Condition Index) ¹

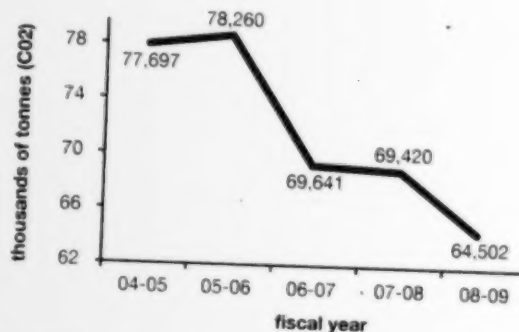
Government Services must ensure buildings are kept in good condition to meet program needs and safety requirements. The industry measurement for facility condition is the Facility Condition Index (FCI). The FCI is a ratio of the value of deferred maintenance to the replacement cost of the building. The lower the FCI, the better the condition of a facility, while the higher the index the greater chance the facility is showing signs of deterioration. A lower FCI is also a general indicator of a lower level of deferred maintenance.



Source: Government Services, Accommodations Division

Carbon dioxide emissions from owned buildings

This measure shows the increased building energy efficiency from building energy retrofits and their impact on emissions. Annual carbon dioxide emissions from government buildings have decreased almost every year since 2000. Each year, the investments result in further reductions, creating savings from decreased energy consumption.



Source: Government Services, Sustainability and Energy Management Branch

¹ The data from previous years has been refined, so the FCI has been recalculated to reflect those changes.

Transportation

Transportation Services, and in particular the Central Vehicle Agency (CVA), serves many clients within government and in the public sector. In a province where communities are often separated by long distances, transportation plays a critical role in sustaining a vital and interconnected public service. The CVA provides a full range of vehicle rental, leasing and management services to its clients.

In 2007, the Minister of Government Services was charged with ensuring that "all new vehicles purchased by the provincial government are hybrid or fuel efficiency vehicles" (Minister's Mandate Letter).

Results

Evaluate the selection and purchase of vehicles, including purchase cost, in conjunction with fuel efficiency, bio-fuel alternatives and advances in vehicle technology.

- CVA continues to evaluate vehicle selection based on new technology available.
- 12 hybrid vehicles were added to the fleet for a total of 28.
- 319 flex-fuel vehicles were added to the fleet.

Ensure problematic, redundant and seasonal vehicles are disposed of in a timely fashion.

- Alternate vehicle disposal methods were tested, including one online and one live auction.

Replace the vehicle fleet management system for the Central Vehicle Agency.

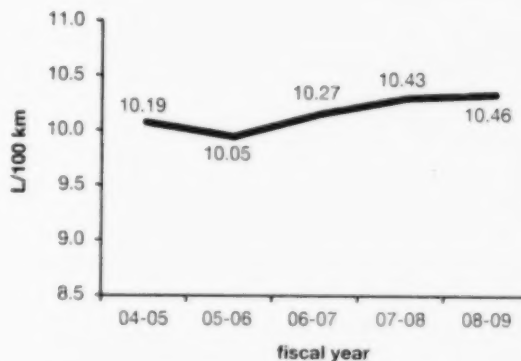
- Funding approval was obtained to begin the replacement process in 2009-10.

Measurement Results

The following results relate to the government's commitment to reduce the environmental footprint of its vehicle fleet, as noted in the Throne Speech in 2007. Government Services considers fuel efficiency and cost effectiveness when purchasing vehicles, and is evaluating various options to determine the most effective approach to reducing emissions. As these efforts continue, these measurements will be used as a baseline to measure the impact of the new purchasing policy and of driver awareness programs beginning in 2009-10.

Average fuel efficiency of the passenger vehicle fleet

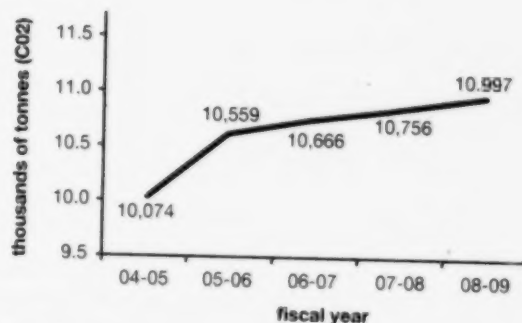
Efficiency of vehicles can be measured based on the amount of fuel used by the fleet. As the ministry takes steps to green its fleet, fuel efficiency will improve. The table shows the fuel efficiency for the vehicle fleet during the last four years. Many factors affect fuel efficiency, including vehicle types, vehicle use and driver behaviours.



Source: Government Services, Central Vehicle Agency

Estimated carbon dioxide emissions from full maintenance vehicles

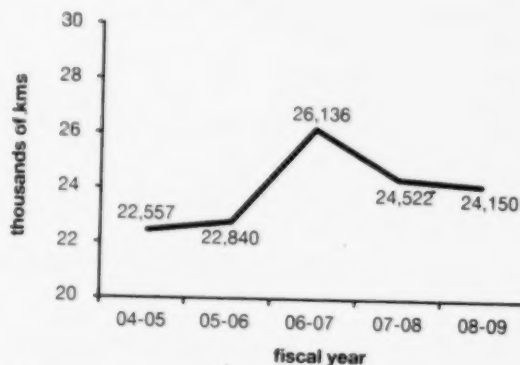
The table shows approximate emissions for the full maintenance vehicles based on fuel consumption for the past four years. Every litre of fuel burned releases approximately 2.2 kilograms of carbon dioxide. Increasing emissions are in a large part due to a growing fleet, but as the ministry takes steps to green its fleet, emissions will start to decrease.



Source: Government Services, Central Vehicle Agency

Average annual distance travelled per government vehicle

The average annual number of kilometres traveled per vehicle in the CVA fleet is an indication of the extent to which the vehicles are needed and used by government ministries and agencies. A low number of kilometres traveled per vehicle might suggest under-utilization, while a high number of kilometres might suggest more vehicles are required.



Source: Government Services, Central Vehicle Agency

P3 Secretariat

This newly-formed secretariat will explore the potential use of public-private partnerships (P3s) as a means of delivering public sector infrastructure.

Results

Establish and manage a P3 Secretariat to explore the potential for using P3s as a cost-effective option to deliver quality infrastructure.

- A P3 Secretariat was established on January 1, 2009, with three employees.
- Significant progress was made on assessing:
 - Best practices in other jurisdictions
 - Current procurement approaches in Saskatchewan
 - Potential P3 projects
 - Capacity within government to manage P3 projects and related processes
 - Market appetite for potential Saskatchewan P3 projects

Risk Management

As a building owner, project manager, and employer, Government Services has a moral and legal responsibility to manage risk. The ministry employs its own risk management team to protect its assets and employees, and to advise government ministries on risk management and insurance issues.

Results

Develop risk management policies and coordinate risk management activity across government.

- Continued development of a government-wide risk management policy framework.
- Consulted with numerous ministries on a variety of risk-related issues, including Advanced Education, Employment and Labour, Highways and Infrastructure, Health, Finance, Environment, and Corrections, Public Safety and Policing.
- Managed program-specific insurance requirements for government ministries.

Government Services' own risk management team monitors risks using a variety of techniques, including interviewing key personnel, conducting loss inspections of high value facilities, testing and monitoring air quality, and reviewing both external and internal reports generated from a variety of sources to assess and mitigate risks.

Risk Analysis

The following is a summary of the ministry's key risks and what is being done to manage them:

Aging Infrastructure and Deferred Maintenance

- The ministry ensures continued functionality of an aging building inventory through:
 - Conducting full building assessments on a 5-year rotation.
 - Using Facility Condition Index (FCI) measurements to monitor building condition.
 - Maintaining a list of core government facilities to prioritize funding.

Recruitment, Retention and Succession Planning

- The ministry's strategy to prepare for increasing retirements over the next several years and bridging the knowledge gap involves:
 - Developing human resources plans and cross training to prepare for retirements.
 - Continuing the Building Future Leaders program to increase the pool of qualified internal talent—third year of program, with 19 employees having participated.
 - Continuing a supervisory leadership program to support employee development.

Business Continuity Management

- The ongoing risk of disruption of business operations is mitigated by:
 - Developing service area business continuity plans, with six completed and three tested.
 - Keeping the emergency response plan updated.

Management of Government Services Water, Wastewater and Distribution Systems

- As the owner and operator of a number of water treatment and wastewater facilities outside of urban municipalities, the ministry mitigates risk by:
 - Adhering to outside regulation by Ministry of Environment and local health authorities.
 - Conducting drinking water quality assessments in buildings to evaluate distribution systems.

Strengthening Internal Controls

- The ministry ensures that compliance efforts and internal controls remain strong by:
 - Adhering to policies and procedures in the Financial Administration Manual.
 - Training employees on fraud awareness, the importance of internal controls, and segregation of duties, including three training sessions in 2008-09.

Contract Management

- The ministry enters into numerous contracts and legal agreements each year, and mitigates risk by:
 - Using standard terms and conditions for purchasing agreements, lease agreements and project delivery contracts.
 - Periodically reviewing language of standard agreements.
 - Regularly training employees in negotiating and managing contracts.

2008-09 Financial Overview

Most of the ministry's programs operate on the principles of shared services and net budgeting which are set out in legislation in The Financial Administration Act, 1993. The act allows for ministries to provide shared services to other ministries and to charge those ministries for the costs of those services.

The cost of shared services is allocated to ministries and is described as an internal recovery because the ministries receiving those services are internal to the General Revenue Fund (GRF). Essentially, Government Services charges ministries for accommodation, transportation and other services provided to them. These charges are reflected in the financial results for each ministry client.

The act also allows net budgeting for commercial activities provided by a ministry to individuals and organizations that are outside of executive government. The provision of services to and recovery of the cost of those services from agencies external to the GRF are defined as commercial activities. The fees charged for these services are described as external recoveries. Government Services charges a recovery fee (price) for those services.

Following the ministry's pricing principle of cost recovery, the expenses of Government Services' Central Management and Services subvote are allocated to program subvotes and those costs are reflected in the full cost recovery rate structure. Some costs are not recovered and are directly appropriated such as:

- o Operation of the Purchasing Branch
- o Operations and Maintenance of the Legislative Assembly
- o Environmental Sustainability Investments
- o Wind Energy
- o Voice over Internet Protocol (VoIP)
- o Telecommunications administration costs

The ministry's 2008-09 expenditure budget (appropriation) was \$40.3 million, including \$26.8 million for capital asset acquisitions.

In addition to appropriated funds, the ministry's funding also includes recovery of costs related to shared services and net budgeting. In total, the ministry's budgeted funding is \$312.4 million, summarized as:

2008-09 Funding

	Budget	Actual
	(\$000s)	(\$000s)
Total Appropriation	40,263	40,044
Costs Allocated to Ministries	201,058	215,805
Costs Charged to External Clients	71,031	81,836
TOTAL	<u>312,352</u>	<u>337,685</u>

The actual activity in 2008-09 was \$337.7 million; a variance of \$25.3 million due to increased activity. Results by subvote and program area are summarized in subsequent pages of the annual report. Detailed payee information will be published in Volume 2 of the 2008-09 Public Accounts.

In 2008-09, Government Services' full time equivalent (FTE) budget was 801 FTEs and the actual utilization was 765.1 FTEs. The main reason for the variance is vacancies during the year, primarily in positions for which it is difficult to recruit.

Financial Results

The following tables outline information on actual and budgeted results by subvote and programs, including recoveries, expenses and capital asset spending. Capital asset spending includes amounts spent on capital acquisitions on behalf of other ministries for which the Ministry of Government Services recovered the expenditures. The tables also identify the amounts allocated to ministries as internal recoveries and amounts charged to clients external to the GRF. Explanations are provided for significant variances.

Summary of Appropriation and Expense

	Budget (\$000s)	Actual (\$000s)	Variance (\$000s)
Central Management and Services (GS01)	43	43	—
Accommodation Services (GS02)	9,772	7,453	(2,319)
Project Management (GS03)	1,340	618	(722)
Purchasing (GS04)	1,895	1,646	(249)
Transportation Services (GS05)	—	2,300	2,300
Government Support Services (GS06)	400	22	(378)
Major Capital Asset Acquisitions (GS07)	26,813	28,181	1,368
Total Appropriation and Shared Services Activity	40,263	40,263	—
Capital Asset Acquisitions	(26,813)	(28,181)	(1,368)
Commercial Activity Surplus	—	656	656
Total Expenses	13,450	12,738	(712)

Central Management and Services (GS01)

	Budget (\$000s)	Actual (\$000s)	Variance (\$000s)	Notes
Minister's Salary (Statutory)	43	43	—	
Executive Management	806	504	(302)	1
Central Services	7,201	6,694	(507)	1
Accommodation Services	624	414	(210)	1
Allocated to Services Subvotes	(8,631)	(7,612)	1,019	1
	<u>43</u>	<u>43</u>	<u>—</u>	

Accommodation Services (GS02)

	Budget (\$000s)	Actual (\$000s)	Variance (\$000s)	Notes
Operations and Maintenance of Property	135,034	137,032	1,998	2
Accommodation Costs Incurred on Behalf of the Legislative Assembly	2,940	2,880	(60)	3
Program Delivery and Client Services	20,935	20,031	(904)	4
Wind Energy	640	640	—	
Environmental Sustainability Investments	1,973	1,004	(969)	5
Accommodation Allocated to Ministries	(108,131)	(113,283)	(5,152)	6
Accommodation Charged to External Clients	(43,619)	(40,851)	2,768	6
	<u>9,772</u>	<u>7,453</u>	<u>(2,319)</u>	

Project Management (GS03)

	Budget (\$000s)	Actual (\$000s)	Variance (\$000s)	Notes
Regina Provincial Correctional Centre	3,372	6,216	2,844	7
Saskatchewan Disease Control Laboratory	27,675	26,357	(1,318)	8
Voice over Internet Protocol (VoIP)	1,340	618	(722)	9
Other	12,986	34,826	21,840	10
Project Management Allocated to Ministries	(44,033)	(55,366)	(11,333)	11
Project Management Charged to External Clients	—	(12,033)	(12,033)	11
	<u>1,340</u>	<u>618</u>	<u>(722)</u>	

Purchasing (GS04)

	Budget (\$000s)	Actual (\$000s)	Variance (\$000s)	Notes
Purchasing	1,895	1,540	(355)	12
P3 Secretariat	—	106	106	13
	<u>1,895</u>	<u>1,646</u>	<u>(249)</u>	

Transportation Services (GS05)

	Budget (\$000s)	Actual (\$000s)	Variance (\$000s)	Notes
Vehicle Services	37,888	39,263	1,375	14
Air Services	9,001	8,807	(194)	15
Transportation Services Allocated to Ministries	(28,411)	(26,277)	2,134	16
Transportation Services Charged to External Clients	(18,478)	(19,493)	(1,015)	16
	<u>—</u>	<u>2,300</u>	<u>2,300</u>	

Government Support Services (GS06)

	Budget (\$000s)	Actual (\$000s)	Variance (\$000s)	Notes
Mail Services	11,543	11,575	32	
Telecommunications Services	12,542	12,797	255	17
Distribution Centre and Other Services	5,732	5,988	256	18
Government Support Services Allocated to Ministries	(20,483)	(20,879)	(396)	19
Government Support Services Charged to External Clients	(8,934)	(9,459)	(525)	19
	<u>400</u>	<u>22</u>	<u>(378)</u>	

Major Capital Asset Acquisitions (GS07)

	Budget (\$000s)	Actual (\$000s)	Variance (\$000s)	Notes
Land, Buildings and Building Improvements	6,100	8,734	2,634	20
Machinery and Equipment	20,713	19,447	(1,266)	21
	<u>26,813</u>	<u>28,181</u>	<u>1,368</u>	

Explanation of major variances:

1. Central Management and Services' variance was mainly due to salary savings as a result of vacancies during the year and reimbursed salary costs in Executive Management. Costs from this subvote are allocated to the other subvotes.
2. The variance is due in large part to lower than anticipated salary costs, utility costs and allocated costs from GS01. These cost savings were more than offset by higher than budgeted amortization, maintenance and lease expenses.
3. Utility costs were lower than anticipated.
4. The majority of savings was in the category of salary expenses. These savings were partially offset by higher than budgeted cost of goods sold due to increased sales.
5. Several natural gas heating conversion projects were delayed because a pipeline was not installed within the expected timeframe.
6. Recoveries allocated to ministries and charged to external clients combined were higher than budgeted by \$2.3 million.
7. The Regina Provincial Correctional Centre project was completed in 2008-09. The project costs were under budget in the prior year and higher than budget in 2008-09 due to project timing.
8. The Saskatchewan Disease Control Laboratory project experienced some scheduling delays in 2008-09, but is still on schedule to be substantially completed in 2009-10.
9. The Voice over Internet Protocol (VoIP) project did not deploy as many phone sets as planned due to delays in implementing the required infrastructure, resulting in a variance to budget.
10. Client projects related to courthouses, correctional centres, SIAST and other miscellaneous projects made up the majority of the "Other" variance. These projects were not known to the ministry during budget development.
11. Higher overall recoveries reflected increased project costs that were passed through to clients.
12. The variance in Purchasing was mainly due to savings in salary costs resulting from position vacancies.
13. The P3 Secretariat became operational on January 1, 2009.
14. Vehicle Services had just over \$1.6 million in losses on disposal of vehicles, which resulted in higher than budgeted expenses for the year.
15. Air Services expenses were lower than budgeted mainly due to savings on fuel, salaries, engine amortization and charter costs.
16. Transportation charges allocated to ministries and charged to external clients were lower than budgeted.
17. Telecommunications implementation projects required consulting costs that were not included in the budget.
18. Records Management incurred the costs of shelving expansion during the year and salaries were over budget as a result of operational decisions.
19. The recovery variances were primarily the result of increased activity levels in Mail Services and Telecommunications Services.
20. Capital costs for land, buildings and improvements were higher than budgeted, primarily due to work on the Walter Scott building that proceeded faster than planned, and HVAC equipment needed for the Saskatoon Correctional Centre that was delivered prior to year end.
21. The equipment budget was managed to provide sufficient funding for building projects within the subvote.

2008-09 Revenues

The ministry collects revenue related mainly to the provision of commercial activities. The following table outlines information on actual and budgeted revenues that are deposited into the GRF.

	Budget (\$000s)	Actual (\$000s)	Variance (\$000s)	Notes
Transfer from Government Entities Other				
Own-source Revenue				
Sales, services and service fees	—	67	67	1
Other	215	808	593	2
Transfers from the Federal Government	—	23	23	3
Commercial Operations	—	81,836	81,836	4
TOTAL	<u>215</u>	<u>82,734</u>	<u>82,519</u>	

Explanation of major variances:

1. The majority of the revenue from sales, services and service fees was obtained from the sale of previously expensed assets.
2. The majority of "Other" revenue consists of ecoAUTO Rebate Program receipts and refunds of prior years' expenses. These rebates and refunds are accounted for as GRF revenue.
3. Federal transfers were received under the Commercial Building Incentive Program (CBIP) in relation to building projects managed by the ministry.
4. Commercial operations revenue is received from clients that are external to the GRF.

For More Information

For general information about Government Services, visit www.gs.gov.sk.ca

Other important websites:

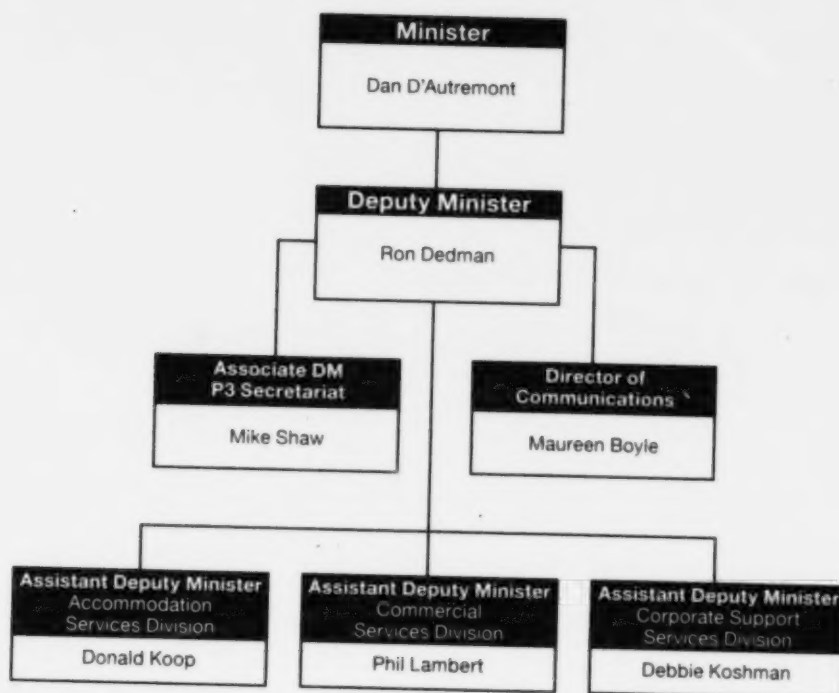
www.sasktenders.gov.sk.ca
www.sasksurplus.ca
www.sasksupplies.com
www.communitydonations.ca

For information about the Government of Saskatchewan, visit www.gov.sk.ca

For specific enquiries related to this report, please contact:

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Appendix A – Organizational Chart



(as of March 31, 2009)

For information on the organization of each division, please see pages 6-7.

Appendix B – Key Pieces of Legislation

Key pieces of legislation for which Government Services is responsible:

- *The Public Works and Services Act*
- *The Purchasing Act, 2004 and The Purchasing Regulations*
- *The Architects Act*
- *The Interior Designers Act*

